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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR PANAMA

Correction

Pages 3-4, paragraphs 1-5 (section I.A)

Replace the existing text by the following:

I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. During the 1980s, Panama underwent the greatest economic and social crisis in its history, provoked by an exceptional conjunction of external and internal causes. The country's present situation is shaped by the effects of the crisis and by national efforts to move beyond the structural conditions at the root of it.

2. The external causes of the crisis stem from the global recession and have had a great impact because of the peculiar nature of the national economy, which is especially vulnerable to the international economic situation. They were compounded by a suspension of credit and the economic sanctions imposed by the United States of America from 1987 to 1989. The internal causes, on the other hand, point to the fact that the traditional model of economic and social development had run its course, something which occurred more suddenly and violently than in other countries because it coincided with the collapse of the authoritarian political system that existed in Panama. The social conflicts that accompanied the collapse showed that standard-of-living indicators that identified Panama as one of the countries with a high human development index conceal substantial social inequalities.

3. According to the human development index for 1991 Panama ranked 54th; in the 1992 index it had dropped to 62nd. Currently it has some 2.5 million inhabitants, 47 per cent of whom live in rural areas, and the population is growing at a rate of 2 per cent per year. In 1991 the per capita gross domestic product (GDP) was $825 at market prices, almost 7 per cent less than in 1980. Given the problems of income distribution and the fact that some services that have a great impact on GDP have little real impact on the country's economy and on real income, this indicator should be interpreted with caution. In 1988 it was estimated that 50 per cent of the population was living in poverty and that 30 per cent were living in conditions of extreme poverty. Poverty is primarily rural, with two thirds of the poor living in the countryside; among the rural poor, the poorest living conditions are those of the indigenous people.

4. The illiteracy rate stands at 10.7 per cent nationwide, although among indigenous women it is still 53 per cent. The infant mortality rate is 21.4 per thousand live births, and double that in the poorest provinces. It is estimated that 24 per cent of children between the ages of 6 and 9 enroled in elementary school suffer from malnutrition. Eighty-one per cent of the population has access to the primary health care network and almost 84 per cent of the inhabitants have a drinking water supply. Those who do not have these services live primarily in rural areas. Despite the strict measures adopted there have been a considerable number (3,600) of cases of cholera in the poorest provinces. Figures regarding the incidence of acquired immune deficiency syndrome (AIDS) are incomplete but it is assumed that the number of cases is rising. Traditional indicators do not show any disparities that would suggest that women are at any substantial social disadvantage. Nevertheless situations of discrimination against women persist and are reflected particularly in lower relative incomes, greater vulnerability to unemployment and proportionally high rates of hospitalization and mortality due to complications relating to pregnancy and childbirth.

5. The Panamanian economy is essentially a service-based economy; services account for over 75 per cent of GDP. Agriculture, which generates barely 10 per cent of GDP, has not kept pace with the population growth during the last decade and was affected by the international collapse of prices for the country's main export products: bananas, sugar and coffee. The share of the manufacturing sector in GDP has been decreasing, and now stands at about 10 per cent. The causes of this relative slow-down in industrialization include the uncertainty and absence of financing provoked by the crisis and the technological lag in most sectors, which detracts from their capacity to compete and generate employment. The country's production development potential and quality of life have been increasingly affected by the general deterioration of the environment.